

Integrated Health, Absence, and Disability Management

Presented to:



Kimberly Mashburn—Vice President, Strategic Partnerships
The Prudential Insurance Company of America

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Discussion Topics

- Today's Business Challenges
- Research Insights and Trends
- Integration Service Delivery Models
- Success Factors and Critical Competencies
- Questions & Answers

Today's Business Challenges

EMPLOYEE
BENEFITS
PLANNING

EBPA

ASSOCIATION

Today's Business Challenges

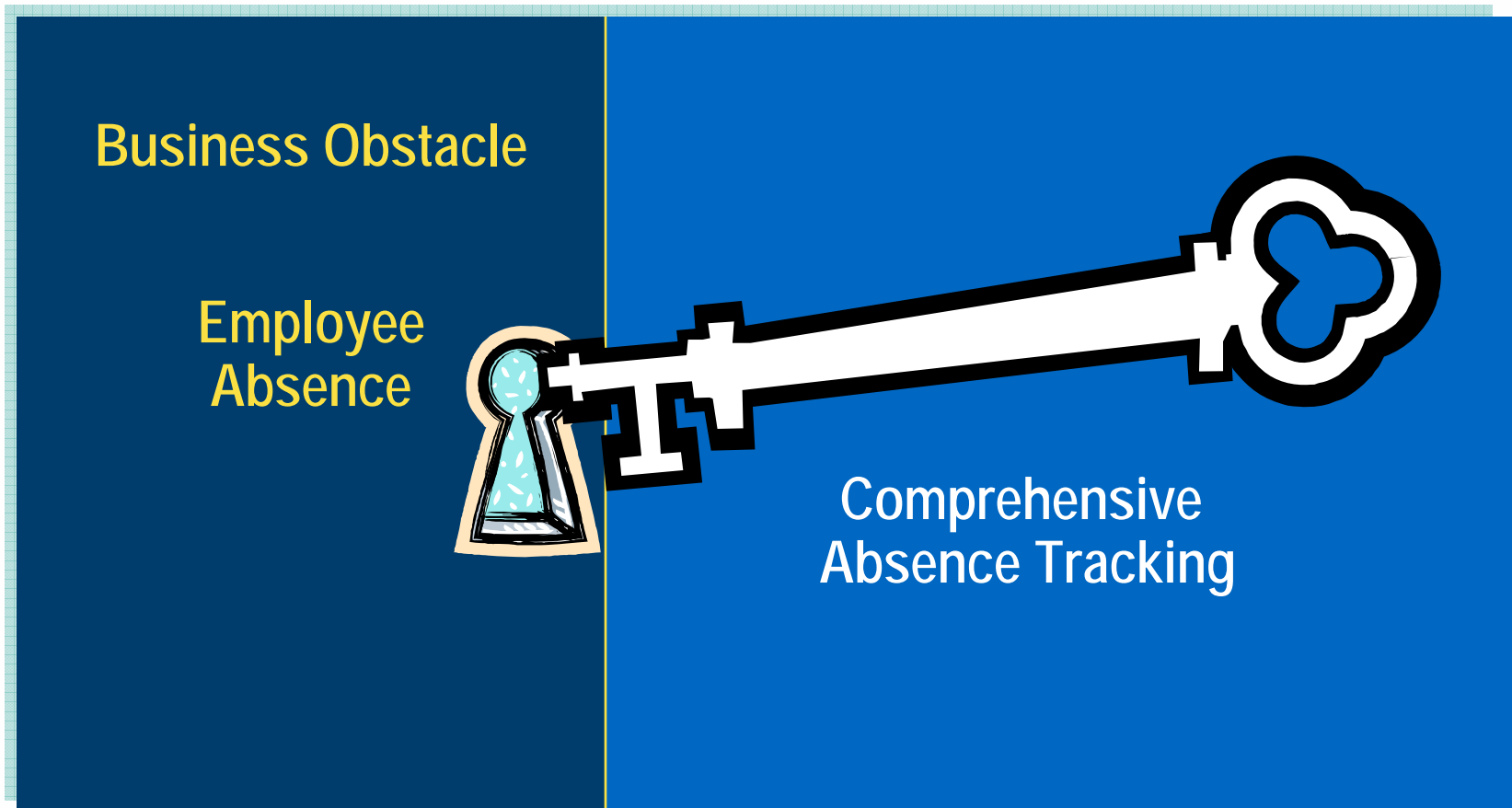
Reduce Costs

- Health Care
- Disability
- Workers' Compensation
- Absences

Improve Productivity

- Full Staff
- Experienced / Trained Staff
- High Staff Morale
- High Quality Work

The Obstacle—and the Key



What Is the Cost of Absence?

1	15% of Payroll?
2	28% of Payroll?
3	36% of Payroll?

Cost of Absence—36% of Payroll

Direct Costs	<ul style="list-style-type: none">■ Payroll■ Benefits Payments■ Administration and Vendor■ Overhead
Indirect Costs	<ul style="list-style-type: none">■ Replacement Workers■ Training■ Overtime■ Lost Productivity

Source: *Survey on the Total Financial Impact of Employee Absences*, Mercer, October 2008

Research Insights and Trends



New Research on Employee Benefits

Study of Employee Benefits: 2008 & Beyond

- Multigenerational Work Force
- Voluntary Benefits
- Benefits Web Technology
- **Absence Management**
- The Benefits Buyer Profile



Study of Employee Benefits: 2008 & Beyond, The Prudential Insurance Company of America.

Highly Effective Absence Management Activities

Communicate absence policies

Measure total costs of absence

Report all absences

Accommodate earlier RTW

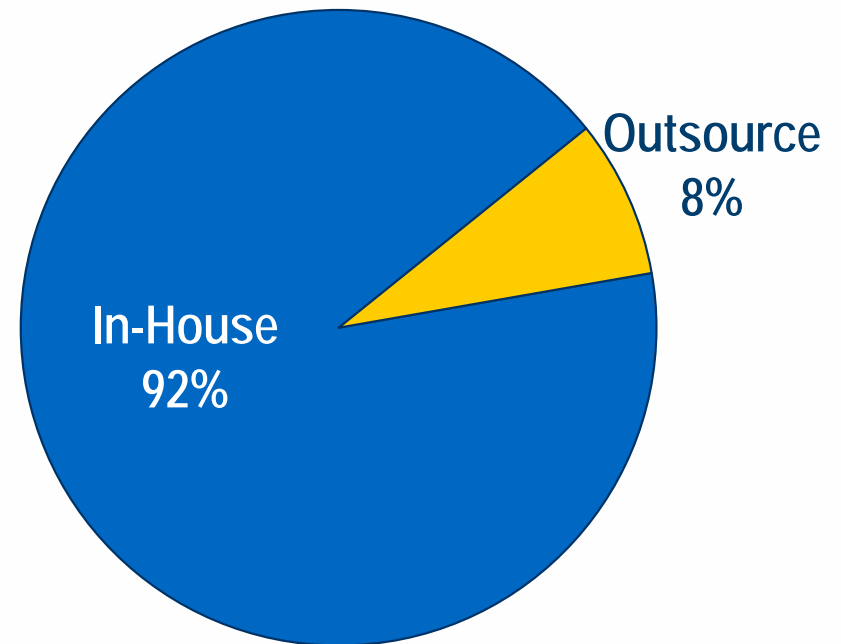
Link absence data

Study of Employee Benefits: 2008 & Beyond, The Prudential Insurance Company of America.

Most Employers Track Absences

80% Track Absences

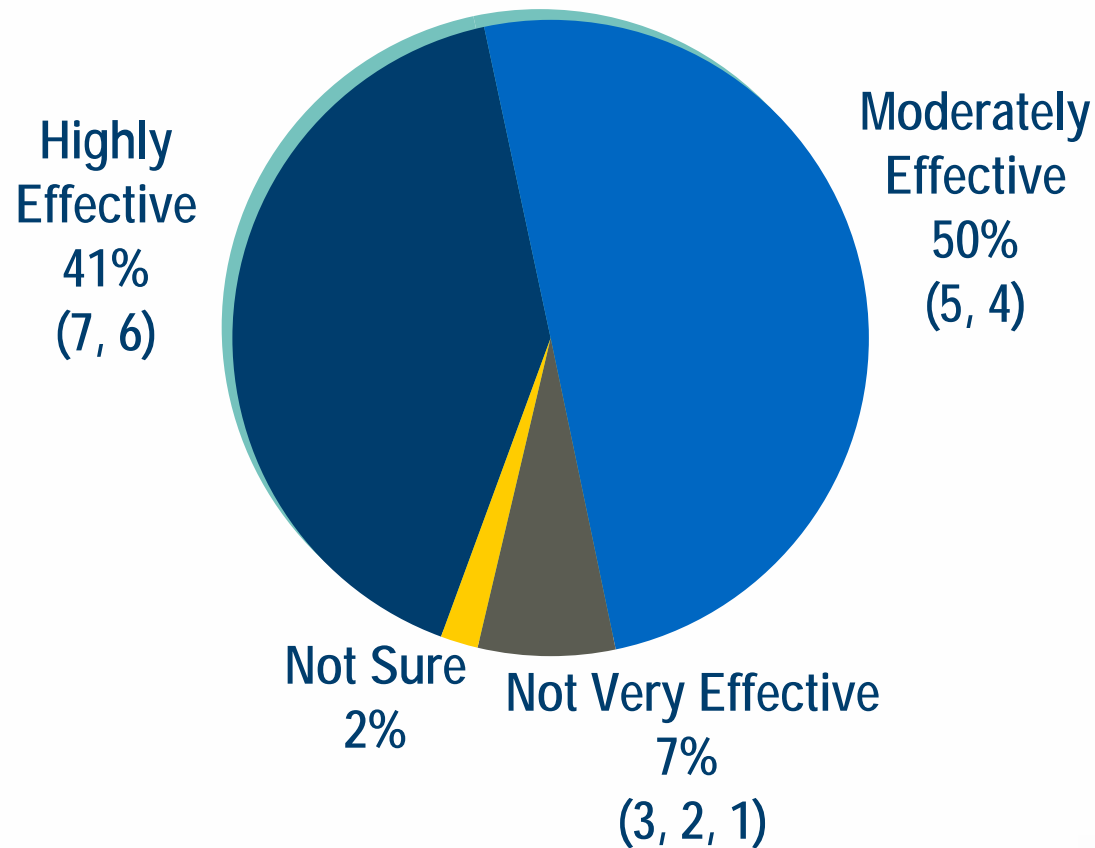
- Vacation Days
- Sick Days
- Workers' Compensation
- Family Medical Leave
- Short-Term Disability
- Long-Term Disability



Study of Employee Benefits: 2008 & Beyond. The Prudential Insurance Company of America.

Effectiveness of Absence Tracking

Percentage of Respondents on a 7-Point Scale



Study of Employee Benefits: 2008 & Beyond, The Prudential Insurance Company of America.

Outsourced Tracking Yields Better Results

More comprehensive view of costs

More detail about types of absences

Federal and State FMLA compliance

Study of Employee Benefits: 2008 & Beyond, The Prudential Insurance Company of America.

Absence Tracking Leads to Integration

2008 Level of Market Activity
(Percentage of Respondents on a 7-Point Scale)

	Great Deal of Activity	Moderate Activity	Little or No Activity
Integrating medical, pharmacy, disability, and WC plans	19%	41%	40%

2008 vs. 2013 Level of Market Activity
(Percentage of Respondents Indicating "A Great Deal" — 7 or 6 on a 7-Point Scale)

	Great Deal of Activity—2008	Great Deal of Activity—2013	Variation
Integrating medical, pharmacy, disability, and WC plans	19%	40%	+21

Study of Employee Benefits: 2008 & Beyond, The Prudential Insurance Company of America.

Achieving Business ROI Goals Requires...

- 1** More time.
- 2** More comprehensive tracking.
- 3** Better integrated, technology-driven solutions.

Study of Employee Benefits: 2008 & Beyond, The Prudential Insurance Company of America.

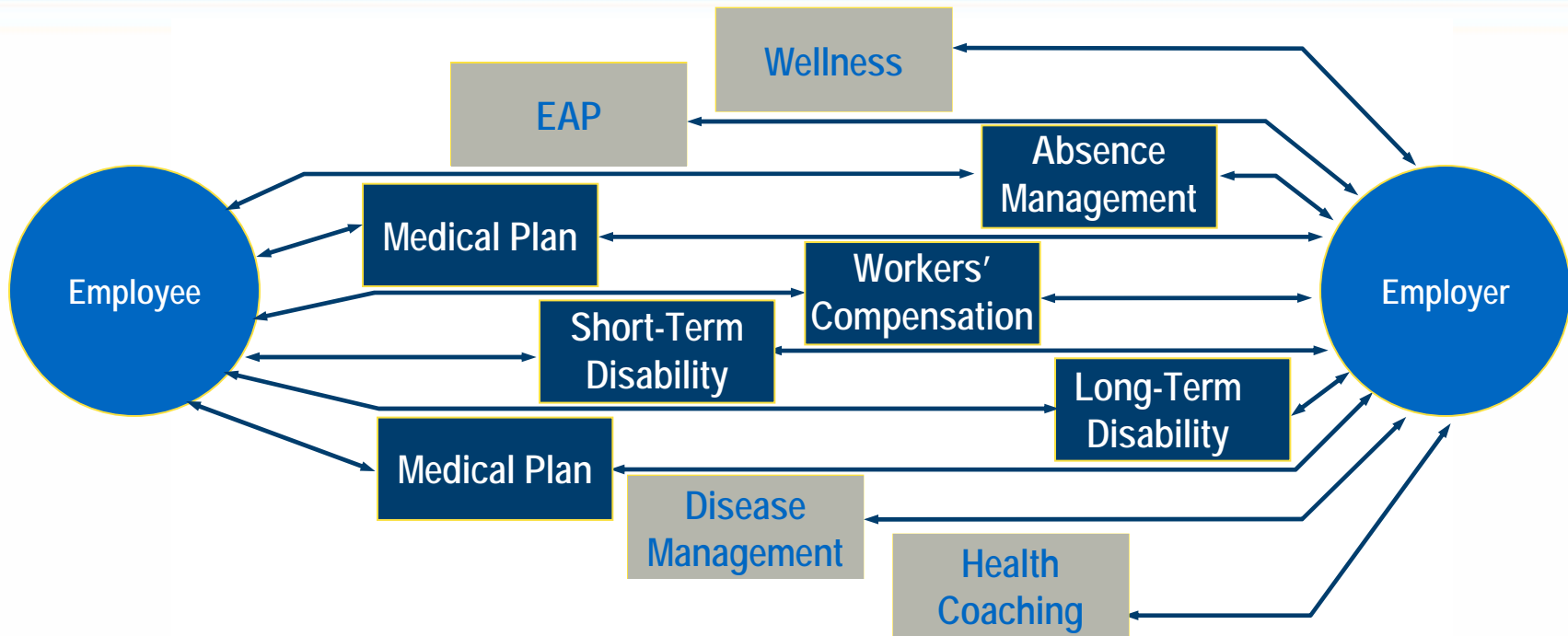
Integration Service Delivery Models

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Current Service Delivery Model



Typical Employer Experience

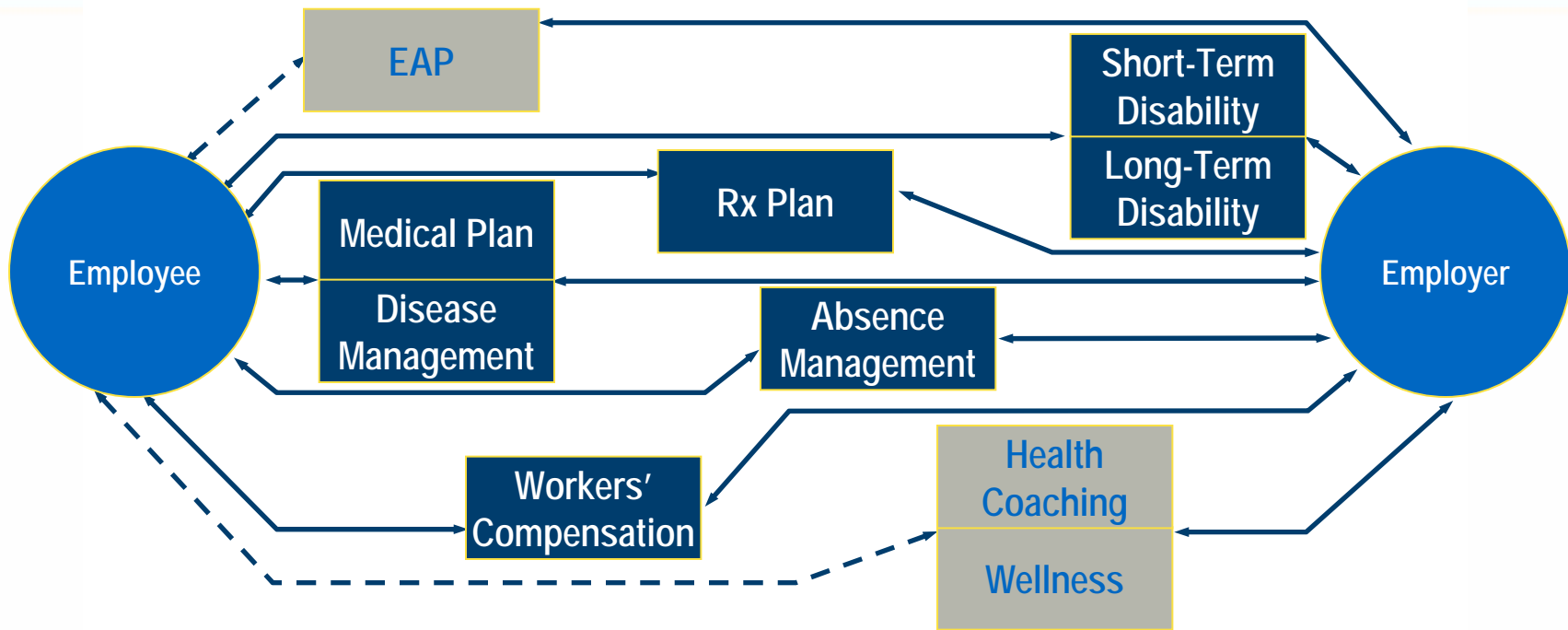
- Underutilization of ancillary benefits
- Escalating health plan costs
- Increasing absence incidence and decreasing productivity
- Increasing disability durations

Integration Service Delivery Models

1 Multiple Vendor Model

2 Integrated Health Care and Disability Model (IHCDM)

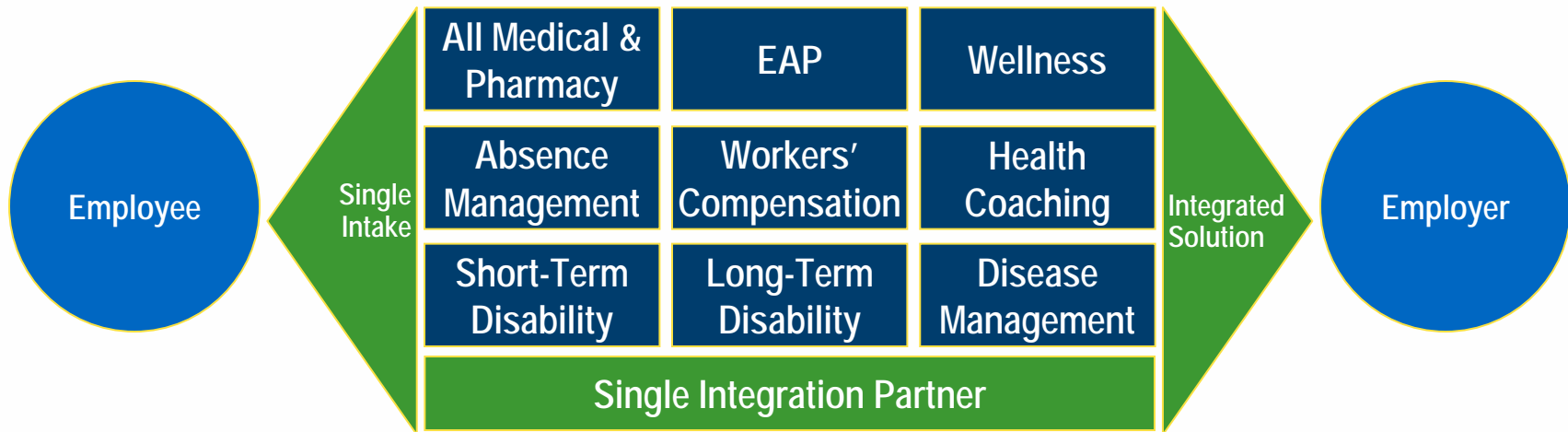
Multiple Vendor Integration Model



Typical Employer Experience

- Scattered utilization of ancillary benefits
- Escalating health plan costs
- Increasing absence incidence and decreasing productivity
- Increasing disability durations

IHCDDM Model



Potential Employer Experience

- Maximum utilization of ancillary benefits
- Reduced health plan costs
- Decreased absence incidence and increased productivity
- Managed disability durations

Characteristics of Integration Models

Multiple Vendor Model

- Multiple vendor partners
- Limited vendor relationships
- Multiple points of intake
- Multiple referral processes
- Multiple reporting entities
- Data reconciliation

IHCDCM Model

- Single integration partner
- Continued use of favored vendors
- Single point of intake
- Structured referral process
- Fully integrated reporting
- Consultative analysis

Success Factors and Critical Competencies



Success Factors

Key Integration Features	
✓	24 x 7 Live Intake Service
✓	Web Access
✓	First-Day Notice
✓	Customized Employer Messages
✓	Informative Scripts about Process and Responsibilities
✓	Immediate Referrals to Ancillary Services
✓	Integrated Communications

Critical Partner Competencies

Successful Integration Model	
✓	Customized Work-Flow Administration
✓	Vendor Relationship Management
✓	IT Resources
✓	IT Flexibility
✓	Single Point of Intake
✓	Integrated Reporting and Consultative Analysis
✓	Successful Integration Track Record

The Potential Experience

Single Point of Intake

Employee

- Easy, informative, personalized service
- Only one contact to report an absence
- Experienced professional interviews, shares information, and answers questions
- Easy-to-understand responsibilities
- Transferred immediately to helpful ancillary services
- One communication package
- Focused on returning to work

Employer

- Easy access to complete, real-time absence data
- Staffing decisions guided by accurate information
- Integrated reporting helps improve productivity
- Maximum utilization of ancillary services
- Time to focus on other HR functions

Integration Is Here to Stay

IHCDM Model

(absence, health care, disability, ancillary services)

- Helps manage absences proactively
- Allows effective analysis
- Helps reduce benefits costs
- Helps improve productivity

Questions & Answers

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